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Columbia Placers

L I M I T E D

A N N U A L R E P O R T

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Columbia Placers Limited

OFFICERS FRANK J. SANELLI, *President*

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ROBERT J. WATSON, *Secretary*

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BANKERS TORONTO-DOMINION BANK,
Bathurst and Eglinton, Toronto, Ont.

SOLICITORS THOMSON, ROGERS, Toronto, Ont.

AUDITORS COSSAR, HECTOR, PAYNE & Co., Toronto, Ont.

**TRANSFER AGENTS
AND REGISTRAR** GUARANTY TRUST COMPANY OF CANADA, 366 Bay St., Toronto, Ont.

EXECUTIVE OFFICE 161 Rivalda Road, Weston, Ontario.

Columbia Placers Limited

Directors' Report to Shareholders

It is a pleasure for your directors to submit to you this annual report which includes the financial statement as at October 31, 1965.

The year 1965 saw some important changes in the exploration activities of your company, an increase of holdings that gives greater scope for work — both by location and by nature of metals sought. This new activity began prior to cessation of work on the McConnell Creek placer gold property in northwestern British Columbia.

Results of the 1965 drilling program on the McConnell Creek property showed conclusively that the gold is concentrated in the upper few feet of the gravels. With the deeper material showing only negligible values, the company's consulting engineer recommended that further expenditures on the property would be unjustified at the present time.

Earlier in the year, your company had undertaken a detailed exploration program on a five-claim block in Logan Township, in the Bathurst-Newcastle area of New Brunswick. A highgrade, copper-lead-zinc-silver structure was uncovered, following extensive sampling, trenching and diamond drilling.

On this structure, the No. 1 vein system was traced intermittently for more than 2,000 feet, with one definite shoot of highgrade ore developed in the length and at least three other sections found where similar possibilities exist. Subsequently, a prospect shaft was started on the main ore shoot and, to freeze-up, had been sunk to a depth of 33 feet.

An electromagnetic survey is to be completed this season, prior to continuation of the underground program. This survey is designed to yield further information on the entire claim group. Your directors are gratified by progress on this base-precious metal prospect. It is in a highly accessible area and lies only 10 miles southwest of East Coast Smelting and Chemical Co.'s smelter, refinery and acid plant complex which is being erected at Belledue Point.

While the Logan property work was in progress, your company added to its holdings in New Brunswick.

One 19-claim group, the Mullin Stream property, was diamond drilled after its acquisition. The report of the company's consulting geologist, included in this annual report, notes that two holes were put down under a highgrade showing and a sulphide zone was intersected. This zone carried low values in copper, zinc and lead with traces of gold. An induced polarization survey will be carried out, in order to gain more information on the zone, before further drilling is undertaken.

A few miles to the south of the Mullin Stream property, your company has optioned a 21-claim property, the Little Sevogle. It is intended to carry out an induced polarization survey on this property and follow up with diamond drilling, if warranted, later in the season.

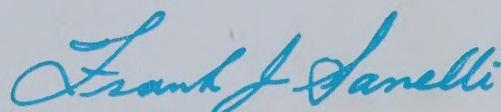
These claims are in a region that is becoming one of the busiest exploration locations in the country. The area is already an important producing camp, and the increasing search activity by many of the country's major mining groups is evidence that even greater mineral potential exists.

Your company is fortunate to be in the area and, during the year, has had opportunities to review other mineral prospects. A number of these are still under consideration.

The current year promises to be a period of strong exploration activity for Columbia Placers. Your management undertakes these programs with optimism.

Respectfully Submitted

On behalf of the board,



Toronto, Ontario
April 4, 1966

FRANK J. SANELLI,
President.

Columbia Placers Limited

ASSETS

Cash	\$ 19,740.78
Deposit receipt — Toronto-Dominion Bank	130,000.00
Accrued bank interest	1,474.52
MINING PROPERTIES — Notes 1, 2 and 3	
Two special Placer Mining leaseholds held under option and five Placer Mining leaseholds owned, located in the Omineca Mining District of Central Northern British Columbia acquired for \$18,000.00 cash and 750,000 shares of the company's capital stock valued by the directors at 10c per share. One option payment of \$5,000 has been made since the option was acquired	98,000.00
Three mineral claims, held under option located in the Mitchell Settlement, Restigouche County of the Province of New Brunswick, First option payment	3,000.00
Machinery and equipment — at cost	75,430.97
Deferred expenditure	343,127.21
Advances to employees for expenses	2,102.79
Organization expenses	3,003.45
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	\$675,879.72
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NOTE 1 Under an agreement dated 12 March, 1964, the company acquired for \$18,000.00 cash and 750,000 shares of the company's capital stock valued by the directors at 10c per share, an option to purchase two Special Placer Mining leaseholds and ownership of five Placer Mining leaseholds all located in the Omineca Mining District of Central Northern British Columbia.

In accordance with the terms of the agreement, under which the two Special Placer Mining leaseholds are held under option, the company will be required to pay 5% of the net mint receipts or net smelter returns of all gold and other minerals recovered from the leaseholds, or alternatively, a minimum annual payment on the 31st of December in each year of \$5,000.00 until the total of \$97,000.00 has been paid in full. \$5,00.00 was paid under this agreement on the 31st December, 1964.

Subsequent to the 31st October, 1965 the agreement was amended to provide for minimum monthly lease payments of \$416.66 commencing on 31 December, 1965.

NOTE 2 Under an agreement dated 13 May, 1965 the company optioned three mineral claims located in the Mitchell Settlement, Restigouche County of the Province of New Brunswick. Under the terms of the agreement the company has made the initial payment of \$3,000.00. The company may exercise its option to purchase the mining claims by paying \$7,000.00 together with 30,000 shares of the company's capital stock on or before 25 May, 1966. Any shares issued under the agreement will be subject to escrow as may be required by the Ontario Securities Commission.

NOTE 3 Under an agreement dated 3 November, 1965 the company optioned 21 mineral claims located near the Little Sevogle River in the Province of New Brunswick. The terms of the agreement provide for an initial payment of \$1,000 (which amount has been paid). The company may exercise its option to purchase these mineral claims by causing to be filed on or before 31 December, 1967 an application or petition for the incorporation of a mining company. This "Proposed Company" is to have an authorized capital comprising 3,000,000 shares. The mineral claims may then be purchased by issuing a minimum of 250,000 shares of the Proposed Company as Vendors Shares of which 32% shall be allotted and issued to the optioners.

NOTE 4 Under an agreement dated 29 October, 1964 the company granted to its President, Frank J. Sanelli, an unassignable incentive option to purchase 200,000 shares of the capital stock of the company at the price of 50c per share, exercisable on or before 29 October, 1967.

Balance Sheet as at 31 October, 1965

LIABILITIES

Bank loan — secured	\$ 15,000.00
Accounts payable	41,742.10
Employees' income tax deductions payable	996.27
Notes payable — secured by liens against machinery and equipment	3,133.35
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	\$ 60,871.72

CAPITAL

SHARE CAPITAL — Note 4

AUTHORIZED:

3,000,000 shares without nominal or par value

ISSUED AND FULLY PAID:

750,000 shares for properties	\$ 75,000.00
1,500,008 shares for cash	540,008.00
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2,250,008	615,008.00
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	\$675,879.72
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Approved on behalf of the Board:

F. J. SANELLI, Director

R. J. WATSON, Director

AUDITORS' REPORT

To the Shareholders of

COLUMBIA PLACERS LIMITED.

We have examined the balance sheet of Columbia Placers Limited as at 31 October, 1965 and the statement of deferred expenditure for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of deferred expenditure present fairly the financial position of the company as at 31 October, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

COSSAR, HECTOR, PAYNE & CO.,

March 31, 1966

Chartered Accountants.

Columbia Placers Limited

Statement of Deferred Expenditure

From Incorporation 25 November, 1963 to 31 October, 1965

	From Incorporation to 31 October, 1964	For the Year ended 31 October, 1965	Total to 31 October, 1965
EXPLORATION			
BRITISH COLUMBIA			
Aircraft	\$ 35,623.90	\$ 35,771.56	\$ 71,395.46
Assays	289.50	1,293.30	1,582.80
Building supplies	—	1,559.85	1,559.85
Consulting fees	2,092.70	8,465.54	10,558.24
Engineering fees	5,273.75	9,650.00	14,923.75
Equipment rentals	210.00	2,168.66	2,378.66
Equipment repairs	2,755.07	17,327.73	20,082.80
Field supplies	17,178.04	8,705.06	25,883.10
Food Supplies	5,252.94	7,297.82	12,550.76
Gas and oil	5,037.05	4,281.74	9,318.79
Government fees and lease payments	1,536.00	612.95	2,148.93
Survey	5,989.00	—	5,989.00
Telephone and telegraph	637.10	2,466.83	3,103.93
Travel	9,896.29	8,178.27	18,074.56
Unemployment insurance	—	231.50	231.50
Wages	26,560.05	41,725.00	68,285.05
Workmen's compensation	429.66	1,031.92	1,461.58
	<u>\$118,761.05</u>	<u>\$150,767.71</u>	<u>\$269,528.76</u>
NEW BRUNSWICK			
Assays	\$ 478.50	\$ 478.50	\$ 478.50
Consulting fees	9,431.90	9,431.90	9,431.90
Drilling	12,749.41	12,749.41	12,749.41
Equipment rentals	6,611.28	6,611.28	6,611.28
Equipment repairs	257.85	257.85	257.85
Field supplies	1,250.52	1,250.52	1,250.52
Freight and trucking	72.78	72.78	72.78
Gas and oil	740.55	740.55	740.55
General expense	3.89	3.89	3.89
Government fees and licences	253.25	253.25	253.25
Room and board	1,545.73	1,545.73	1,545.73
Telephone and telegraph	483.85	483.85	483.85
Unemployment insurance expense	25.00	25.00	25.00
Wages	1,889.50	1,889.50	1,889.50
	<u>—</u>	<u>35,794.01</u>	<u>35,794.01</u>
	<u>\$118,761.05</u>	<u>\$186,561.72</u>	<u>\$305,322.77</u>
ADMINISTRATION EXPENSES			
Advertising and promotion	\$ 1,049.52	\$ 7,261.18	\$ 8,310.70
Annual meeting expense	—	747.70	747.70
Annual report printing	—	1,261.06	1,261.06
Bank charges	59.85	177.88	237.73
General expense	344.44	804.44	1,148.88
Insurance	301.45	391.92	693.37
Legal and audit	3,930.00	11,354.55	15,284.55
Management	1,350.00	1,100.00	2,450.00
Office supplies and expenses	762.57	4,613.75	5,376.32
Prospectus printing	1,829.28	—	1,829.28
Report printing	—	845.03	845.03
Transfer agent fees	279.50	1,055.59	1,335.09
Travel	633.00	4,675.13	5,308.13
	<u>\$ 10,539.61</u>	<u>\$ 34,288.23</u>	<u>\$ 44,827.84</u>
Less: Interest income	—	7,023.40	7,023.40
	<u>\$ 10,539.61</u>	<u>\$ 27,264.83</u>	<u>\$ 37,804.44</u>
	<u>\$129,300.66</u>	<u>\$213,826.55</u>	<u>\$343,127.21</u>

Columbia Placers Limited

Consulting Geologist's Report

By G L. HOLBROOKE, P.ENG.

INTRODUCTION

The following is a summary report of the development completed and the results obtained to date on the company's three New Brunswick properties with recommendations for further exploration.

LOGAN PROPERTY, RESTIGOUCHE COUNTY

On this property the development has been confined to two sections of the ground, the main vein system trending N60°E across the northern claims, and a strong geochemical anomaly in the southwestern area. The bulldozing of 35,000 cubic yards of overburden supplemented by 2,140 feet of backhoe trenching 8 feet deep have investigated both areas. They have exposed oxidized copper mineralization in the southwest area and have indicated four potential oreshoots in the No. 1 vein system. The No. 1 vein system has now been traced intermittently for 2,000 feet across the property.

A rock trench was blasted 4 feet deep along a 220 foot length of No. 1 vein in the zero section to expose one highgrade oreshoot which was channel sampled at 3 foot intervals. An attempt was made to test the vertical continuity of the oreshoot by 10 diamond drill holes aggregating 978 feet but was unsuccessful because of the extremely friable nature of the massive sulphides. Finally a prospect shaft was started on the vein near the centre of the oreshoot and had reached a slope depth of 33 feet (31 feet vertical) by December 1st when the work was suspended because of weather. Both walls of the shaft were also channel sampled at 3 foot intervals. The averages of the surface and shaft sampling follow.

	Copper	Lead	Zinc	Silver	Av. Width	Length
Surface	6.78%	9.04%	8.95%	35.30 Oz.	13.4 inches	120 ft.
Shaft	4.42%	9.27%	8.30%	13.46 Oz.	16.6 inches	33 ft.

What may be the start of a second oreshoot in the No. 1 vein was exposed 70 feet west of the zero oreshoot at the western end of the rock trenching. Here the last 18 feet of the trench returned an average of 1.31% copper, 7.47% lead, 5.40% zinc and 2.88 ounces silver across 8.5 inches which is approaching ore grade.

A third possible oreshoot was found in the No. 1 vein 500 feet to the east. Here a 25 foot long pit was sunk 16 feet on a heavy gossan carrying abundant copper staining without reaching fresh sulphides. Three short diamond drill holes were drilled beneath the pit. One showed only quartz veining but the other two averaged 0.98% copper, 9.43% lead, 9.04% zinc and 3.60 ounces silver across 14 inches in spite of considerable grinding of the sulphides.

A fourth possibility lies in strong sulphide mineralization seen in two unblasted trenches over an old diamond drill hole 600 feet west of the zero section. This hole returned a 9.2 foot intersection averaging 3.23% copper, 11.32% lead, 14.25% zinc and 19.42 ounces silver at a vertical depth of 150 feet in the No. 1 vein system. Blasting and sampling should expose this ore in the trenches.

In the southwest area the stripping exposed four parallel bands of heavy, copper stained gossan. Test pitting on the strongest gossan to a depth of 12 feet failed to reach fresh mineralization. Three diamond drill holes were drilled beneath the gossan bands but intersected only quartz veining although much core was lost. The drill results are not conclusive.

For the further development of the property the following recommendations are made:

- (a) That the shaft on the zero oreshoot be deepened to the bottom of the oreshoot, or to 100 feet, and that a level be established at that horizon. The work should start as soon as is feasible and is estimated to cost \$7,500.
- (b) That the rock trench on the zero oreshoot be extended westward for at least 50 feet to test for a possible second oreshoot in this section. This is estimated to cost \$2,000.
- (c) That the pit on the 500 east section of the No. 1 vein be deepened 25 feet to a depth of 40 feet in an attempt to reach fresh sulphides. This is estimated to cost \$2,500.
- (d) That the mineralization in the trenching across the 600 west section of the No. 1 vein be blasted into and thoroughly sampled. If the results are satisfactory additional trenching will be needed.
- (e) That the test pit in the southwest area be deepened at least 20 feet to explore the possibilities indicated by the heavy copper sulphides already exposed in the oxidized vein material. This is estimated to cost \$2,000.

MULLIN STREAM PROPERTY, NORTHUMBERLAND COUNTY

Two diamond drill holes 50 feet apart and totalling 1,062 feet were drilled on this property between January 30th and February 19th to test a showing of sulphide mineralization in the eastern part of the ground. Although grab samples of over 8% copper had been reported from an old trench across the mineralization the drilling returned no values of interest and was suspended.

The drilling did show, however, a 150 foot wide shear zone trending S55°W and carrying from 1% to 10% sulphides in small, scattered seams. The sulphides are mostly pyrite but occasional small patches of copper and zinc sulphides are also noted and it is obvious that such mineralization could be of interest if a sizeable concentration of sulphides could be found along the course of the shear zone. In this connection a copper-bearing sulphide showing is reported approximately 5,000 feet southwest of the drilling on the western side of the property with the intervening ground covered by overburden. This covered section could easily harbour a concentration of sulphides and should be tested geophysically.

It is recommended that the next step in the exploration of the ground be an induced polarization survey of a 2,000 foot wide strip across the property centred on the mineralized shear zone described above. With a 200 foot line spacing the cost is estimated at \$2,700.

LITTLE SEVOGLE PROPERTY, NORTHUMBERLAND COUNTY

No work has as yet been done by the company on this property. The area was prospected and mapped geologically in the early 1950's with the result that several wide, roughly parallel zones of sulphide mineralization were found. A little scattered rock trenching was completed on some of these zones but the sampling results showed only low values in copper, lead, zinc, silver, and gold and nothing further was done. The present property was recently staked to cover three of the stronger sulphide zones found in the early prospecting because later experience has shown that such zones containing even minor amounts of copper, lead and zinc are well worthy of serious exploration.

The claims are completely covered by overburden except for a number of rock outcrops along the banks of the Little Sevogle River which crosses the property. Three strong showings of sulphide mineralization have been found along the river banks in a favourable geologic environment and all carry low but appreciable copper, lead, zinc, or gold values.

The No. 1 zone lies in the eastern part of the property and strikes N70°W with a 60° north dip. It is 275 feet wide and consists of a strong pyrite mineralization carrying a little copper and zinc sulphides. Grab samples have been reported to assay 0.11% copper, 0.10% zinc, and 0.10 ounces gold per ton.

The No. 2 zone lies 1,500 feet to the southwest. It is 90 feet wide and has been traced on its N65°W strike for 1,500 feet. It consists of a strong pyrite mineralization carrying fairly heavy chalcopyrite in several streaks up to 3 feet wide. Representative grab samples of the chalcopyrite rich areas have returned 0.75% and 1.14% copper.

The No. 3 zone lies in the western part of the ground on claim 178998. It strikes N60°W with a 60° north dip and consists of a foot wide lense of fine, dense sulphides carrying abundant chalcopyrite, galena, and sphalerite. Although the showing is too small to be important the sulphide mineralization is typical of the important orebodies being mined some miles to the north.

Where exposed the mineralized zones are too low grade to be of economic importance but they do carry appreciable quantities of copper, lead, zinc, or gold. In this favourable geologic environment such sulphide mineralization could be highly significant and a thorough exploration of the property is amply warranted.

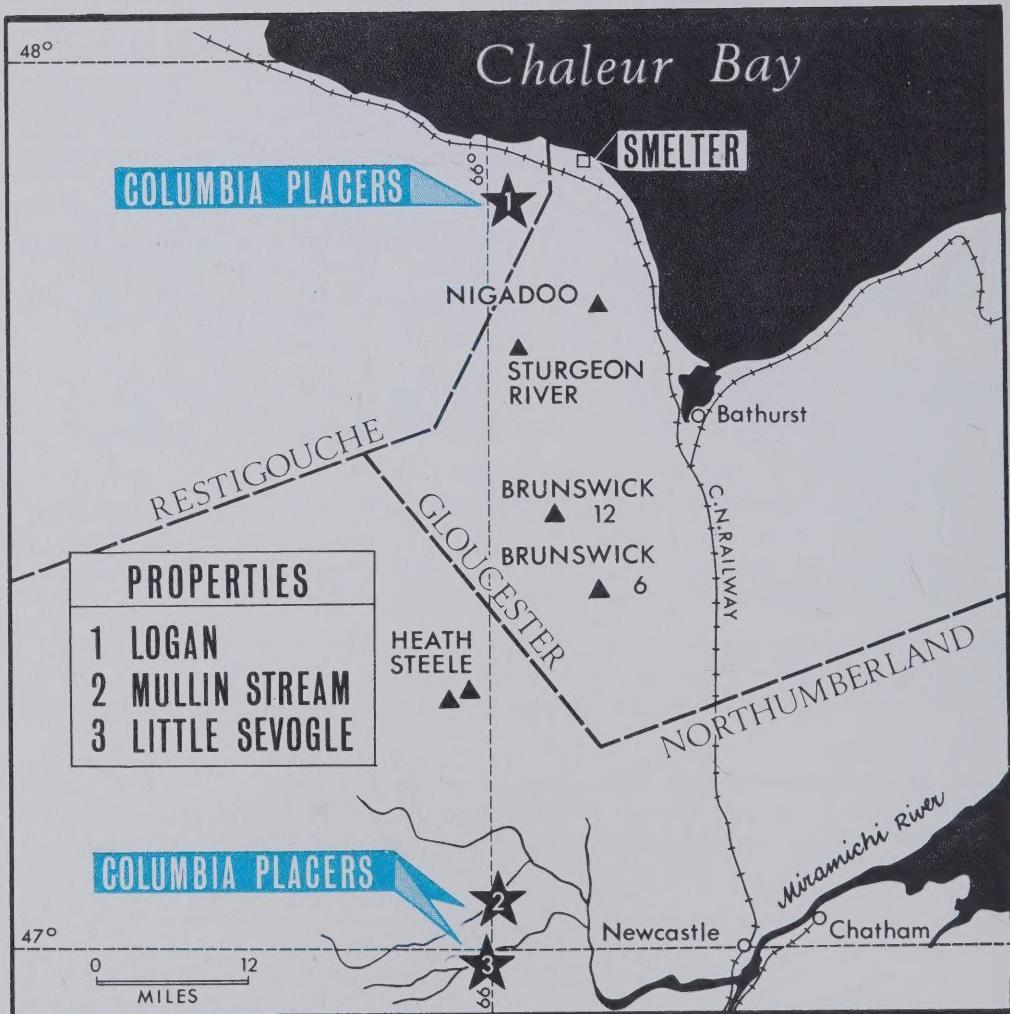
It is recommended that the property be covered by an induced polarization survey from a grid of parallel picket lines 400 feet apart and bearing N30°E to trace the known sulphide zones and to locate any others which may be buried under the widespread overburden. This will involve 19 miles of line cutting and 17.5 line miles of survey at an estimated cost of \$4,500.

It is also recommended that the No. 1 and No. 2 sulphide zones each be sampled by drilling three, parallel diamond drill holes across the zone at 100 foot intervals. The holes should bear S30°W, dip at 45°, and be collared about 50 feet northeast of the zones. Three, 450-ft. holes will be needed for the No. 1 zone and three more 225 foot holes for the No. 2 zone. This involves 2,000 feet of drilling and is estimated to cost \$10,000.

Should either the diamond drilling or the geophysical work indicate possible important sulphide mineralization additional drilling will be necessary. However it is impossible to estimate the amount of such work at this time.

April 4th, 1966

G. L. HOLBROOKE,
Consulting Geologist.



ANNUAL MEETING

of

Shareholders

Columbia Placers Limited

will be held on

FRIDAY, APRIL 29, 1966

at 10 a.m.

Royal York Hotel

Toronto, Canada